

TRADE TODAY

TRADE ISSUES AFFECTING AMERICA'S ECONOMY

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NEW "TIRE TAX" HITS WORKING AMERICANS

Pressured by unions – without U.S. industry support – White House imposes 35% tire tariffs.

This past weekend - just before the President is scheduled to speak to the AFL-CIO - the White House announced that it will impose a Union-supported tax on Chinese tires, effective in two weeks.

Facts to Know

- The tax will amount to 35% in the first year, 30% in the second year, and 25% in the third year.
- The request was made by the United Steelworkers Union, and no U.S. tire manufacturer supported this action. Over the past few years, American tire manufacturers have focused on manufacturing higher-end tires, using Chinese tires to fill the lower-end consumer market.
- The impact of the new "tire tax" will fall hardest on lower and middle income Americans already reeling from a sluggish economy by raising the price of tires and causing Americans to delay the purchase of much-needed tires.
- It is not clear that implementation of the new tariff will result in increased tire production in the United States. Instead, it is likely that imports from other countries, principally India and Brazil, will replace Chinese tires.
- The Administration made no finding the Chinese were engaged in unfair trade by dumping or subsidizing their exports.

Talking Points

- In bowing to the pressure of the special interest unions, the President has imposed a new tire tax on working Americans. Struggling families will pay more for a necessity in life with no assurance any more U.S. jobs will be created as a result.
- In fact, this may lead to more imports from other countries. There is a reason American tire companies did not support taking this action. This just hurts American consumers.
- While enforcement is important, our economy cannot grow on enforcement alone. It must be partnered with an offensive game plan: a pro-growth, job-creating strategy of opening markets and creating new customers for American-made products and services.